



## Research Article

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## Availability and Potentiality of Markets for Agro-Based Products in Assam

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**Abstract:** The agriculture sector in the world has experienced remarkable changes in recent years. In the recent times, farmer's changing role in a free market has made them more entrepreneurial. People especially in developing countries are now focussing on being an entrepreneur as the economic environment of a country like India has not been able to provide the required job opportunities. They are concentrating on the areas that provides employment as well as growth without any adverse effect on the environment so that the life of future generations does not get affected.

Agro based industries is one of the areas where the youths or any age group can concentrate. Such industries can be a useful means of channelizing the agricultural resources into different agro based products through the process of marketing.

The potential for agro-based and food processing industries in the State of Assam is very high. Besides, major food crops like rice and maize, the State is also renowned for its horticultural crops like pineapple, orange and lemon. Besides, the State has also achieved success in the cultivation of non-traditional crops like tea, cashew nut, oilseeds, tomato, mushroom and wheat.

Plantation crops like coffee, rubber, black pepper and areca nut are also becoming important products. A major breakthrough has been made in tea cultivation and tea gardens have come up in various parts of the State.

On the pretext of the above situation, this study will concentrate on the overall environment of agro based industries in India. It will also analyze the present conditions of agro based industries in Assam. Finally, it will concentrate on the availability of market for agro based products in Darrang district of Assam, which is taken as the area of the study.

**Keywords:** Agro-Based Industry, Enterprises, Market.

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## INTRODUCTION

Agro based industry refers to an industry that adds values to agricultural raw materials through processing in order to produce marketable and usable products that bring forth profits and additional income to the producer. The development of the agro industry can help stabilize and make agriculture more lucrative and create employment opportunities both at the production and marketing stages. The broad based development of the agro products industry will improve both the social and physical infrastructure of India.

John H. Davis of Harvard University first used the term agribusiness in 1955. In 1980s it was given three connotations: (1) synonymous with term agriculture, (2) synonymous with agricultural economics and (3) a modified concept of agriculture, excluding farming, or the off-farm aspects of agriculture.

At present, agribusiness is defined as all business enterprises or sells to farmers / traders/consumers.

With food being the crowning need of mankind, much emphasis has been on commercializing agricultural production.

With the changing agricultural scenario and global competition, there is a need of exploiting the available resources at maximum level.

## Objectives of the Study

- To study on the overall development of agro based industries in India.
- To analyse the present conditions of agro based markets in Assam.
- To study on the availability of markets for agro based products in Darrang district of Assam.

## Scope of the Study

The study will cover the agro based industries of India in general and Darrang district of Assam in particular. It will focus on the availability of markets for agro based products in Darrang district.

## Need for the Study

India is an agricultural country and one third population depends on the agricultural sector directly or indirectly. Agriculture remains as the main stay of the Indian economy since times immemorial. Indian agriculture contribution to the national gross domestic product (GDP) is about 25 per cent. With food being the crowning need of mankind, much emphasis has been on commercialising agricultural production. For this reason, adequate production and even distribution of

food has of late become a high priority global concern. his study will help the researcher in finding out the way in which agro based products will be bought and sold in the markets.

**Limitations of the Study**

- The study is based only on the secondary sources of data.
- Due to time constraints, primary data could not be collected.
- The study also carries the limitations found in secondary data.

**RESEARCH METHODOLOGY**

The data collected for the study are secondary in nature. The secondary sources includes newspapers, journals, data from DI&CC and KVIC and various government websites.

For the purpose of the study, agro based industries is taken as the population and the Darrang district of Assam is taken as the area of the study in particular.

**Development of Agro Based Industries in India**

On a Global viewpoint, India is the major producer of spices, pulses, tea, milk, cashew and jute. The second major producer for wheat, rice, fruits, vegetables, sugarcane, cotton and oil seeds and fourth major producer of agro-chemicals. The total livestock population present in India is around 512 million. India also holds the position of the second biggest agricultural land occupying area of about 157.35 million hectares and it also has the 10th most fertile land properties with 161 million tonnes. In our world there are only about 20 agro-climatic regions among which 15 lie in India alone. The land which is segregated for agricultural purpose is diverse in terms of soil as India has 46 out of 60 types of soil found in the world. As of 2017, the contribution of the agro- industries to GDP of India was recorded at 4.9%. Similarly, many foreign countries prefer India to import agro products made in India.

In the world market, India is ranked among the 15 largest exporters of agro based products in the world. The exports have increased at a CAGR of 14.71% until 2017. The total contribution of agro-based industries to the exports of the country was 12.26% in 2017.

**Textile Industry**

The textile is one of the aged old sector in India where the overall exports recorded in 2017 stood up at \$39.2 billion with the contribution of 2% to the GDP of India. At present this industry employs more than 45 million people.

**Food Manufacturing & Processing Industry**

The food manufacture and processing industry accounts 32% of the total country's food market. This

industry in India is high-growth and high-profit sector due to its immense potential for value addition. Indian Food processing industry is the 6th largest in the world accounting 70% of the total food retail sales in the globe. It contributes 13% to the total Indian exports at \$38.9 billion and 8.8% to the GDP of the country as per 2017.

**Leather Goods Industry**

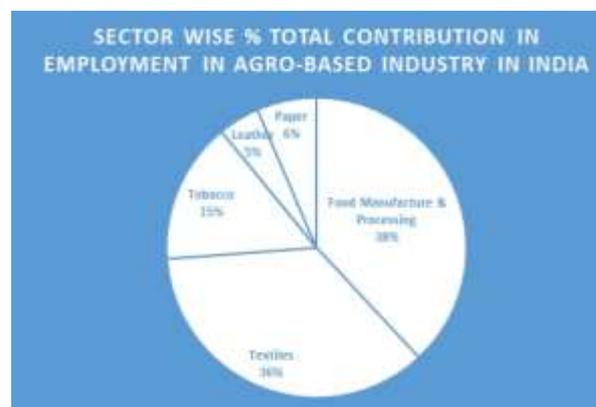
Leather goods Industry of India is one of the top ten foreign exchange earners as its total contribution to exports is huge. However its contribution to the GDP is less than 1%. At present this industry employs about 2.5 million people. As Indian Leather goods industry is second largest producer of leather goods in the world and accounts 12.93% of total leather goods production in the world.

**Tobacco Goods Industry**

India is the second largest producer and third largest exporter of tobacco in the world, benefits significantly from the tobacco market in terms of revenue and employment. As tobacco is the major cash crop of India, it is available in abundant amount. The tobacco related products sold in the market are Bidi, gutka, khaini, zarda and cigarettes. Bidi is popular in the domestic market whereas cigarette is popular in the foreign market. It contributes about less than 1% to GDP of the country and employs about 36 million people at present.

**Paper Products Industry**

India is ranked at the 15th position in paper manufacturing nations in the world. As of 2017, the paper production capacity is 12.7 million tonnes. The share of India in paper and paper product supply in the world accounts up to 2.6%. There are over 750 paper mills of which 50 have only the power to produce 50,000 TPA or more. At present the industry is utilizing 89% of the total capacity of production. 0.5 Million tonnes of paper are exported every year. The industry can be categorized into paper & paper board & Newspapers. The contribution of paper industry to GDP is less than 1 % and currently it employs about 2 million people.



Source: based on the above provided information

### **Top Market Opportunities**

Recently, the online segment of the grocery and food delivery has exponentially increased in India at a rate of 150% year on year and about \$300 million worth food merchandise was sold in 2016 alone. There are also number of online retailers such as Foodpanda, Zomato, Tiny owl among others are in the rise. Thus, this is the perfect opportunity for the companies within the industry to deliver their products to consumers through these channels as they are being embraced highly by people in India.

The opportunity of the entire agro-based industry to grow is tremendous because all the raw materials needed to produce end goods are available within the country at low cost and at present only 2% of the agricultural production is being processed within the country due to which the industry market value is not up to the mark. Thus, new companies looking to enter the business can thrive by tapping onto the underutilized production.

### **Present Condition of Agro Based Markets in Assam**

Agricultural marketing system in Eastern and North-Eastern States is distinctly different from the other states in the country. It is observed that, the ownership structure and functioning of the markets in these states is heterogeneous. Hence, the argument put forth by these states is that, it is rather difficult to implement the reforms process initiated by GOI in the absence of uniformity in the functioning of the markets. It is also argued that, implementation of the APMR act is not effective in these states.

Agriculture and its allied activities plays an important role in the socio- economic development of the State of Assam as this sector is a major contributor to the State economy as well as providing livelihood to a significant proportion of the population of the State. About 99 per cent area of total land mass of the State is rural and almost 50 per cent of the total land area is utilized for cultivation.

Agricultural markets function as an important link connecting rural production centers to the consumption and distribution centers in the State. They constitute themselves a system of supply and distribution as both wholesale and retail. These markets also facilitate formation of price that is accepted by the distribution chain.

The agricultural marketing environment is largely governed by the Assam Agricultural Produce Market Act 1972, Panchayat Act 1994, and Municipal, Act 1956.

### **Regulated Market System**

The Assam Agricultural Marketing Board (AAMB) has established 24 Regulated Market Committees, 20 Primary Market Yards, 206 Sub-market Yards, 735 Rural Primary Markets and 405 Wholesale Markets.

The Regulated Market System began in Assam, like in other States in the country, as far back as in 1972. Assam State Agricultural Marketing Board has been in existence since 1976 and implementing the Assam Agricultural Produce Market Act, 1972. The Assam Agricultural Produce Market Act, 1972 is an act to provide for better regulation of buying and selling of agricultural produce and for the establishment of markets for agricultural produce in the State of Assam. The Regulated Market Committees (known as APMCs in other States) are functioning at different places in the State with the objective of regulation of buying and selling of agricultural produces to eradicate malpractices prevailing in the trade in urban, semi-urban and rural markets and also to establish an efficient marketing system, where the growers may obtain reasonable and competitive price and the traders receive a fair deal in trading. The purpose is also to establish a modern market yard, where scientific godowns for storage, platforms for auction of agricultural commodities, display yards, traders shop, banks and post offices, are provided with.

### **Collection of Cess**

The Regulated Market Committees and the Board levy Cess on the agricultural produce bought or sold in the market area at the rate of one rupee for every one hundred rupees of the aggregate amount for which a notified agricultural produce is bought or sold as the source of income for implementation of the provision of Act and benefiting the agriculturist and trader of the state. Although most of the Rural Markets are owned by Panchayat and operated and managed by the lessee (mahaldar) who collects sitting fees etc, wherever they have been notified under Assam APMA 1972 as PMY and SMY, the regulated market committee is also collecting the market fees as per the stipulations of the APMA Acts and Rules. This becomes a case of dual recovery of market fees/charges, and, which goes against the interest of market users.

The Assam Agricultural Produce Market Act, 1972 has been amended in 2006 to make provisions for (a) Private Marketing (b) Direct Marketing (c) Consumer-Farmers Market and (d) Contract Farming as per guidelines of Govt. of India.

The State Agricultural Produce Market Act aims at regulating marketing practices mainly at Assembly Market Level. It has not succeeded in getting administrative or managerial control over

Rural Weekly Market through which 60-65% agricultural and allied products of the State are serviced.

### Market for Agro-Based Products in Darrang District of Assam

There is only one regulated market in the district which is situated at Kharupetia about 15 km from the district Head Quarter Mangaldai. The market is lying on the NH 52 towards Tezpur in the eastern side of Mangaldai. Besides this regulated market other prominent non-regulated market in the district are Dhula, Balugaon, Ghagra, Bhergaon, Bechimari, Patharighat, Dumunichowki, Bonglagarh, Bhakatpara, Namkhola, Kopati, Dimakuchi, Kalaigaon *Haats* are one of the oldest system through which marketing is carried out not only in the district but also in whole of the state. These are mostly located at places where regular markets do not exist. Marketing at haat normally

conducted on a certain day of a week or month which is mutually decided by the stockholders viz haat traders, village producers cum traders, service provider (Tea, Pan, Cigarette, Sweets, juice etc). These are generally managed by the Lesser (Zilla Parishad or Block) through the local institution like Gaon Panchayats, Town Committees, Municipal Board and tea estate etc.

The Lesser (Owner of the haat) gives the haat on annual rent basis to the lessee for an amount, which is sanctioned or to the bidder. Lessee who has taken the on lease collects the rent from the traders who are trading in the haat. Usually, haat traders (wholesalers) are dealing at large scale and village traders (retailers) at small scale, as normally they do not have any access to any funds. Most of the haat are having few permanent retail outlets may be pucca, semi pucca or kuccha. The details of existing infrastructure regulated or managed by them presented in the following table:

**Table 1.** Information on existing market infrastructural facilities available in the district

Sl. No.	Name of the location	Name of the structure*	Type of services offered	Location of facility	Commodities handled	Capacity		Tariff if any
						Installed	used	
01	Balugaon market	Auction platform	Used	by traders	Vegetables	500 mt	Fully	No
02	H/Q of marketing board, Kharupetia	Godown	Store purpose	Surrounding village nearby godown	Rice/Jute	500 mt	Fully	Rented
03	Patharighat	Auction platform	Used by traders	Surrounding village nearby market	Rice	500 mt	Fully	No
04	Dumunichowki	Auction platform	Used by traders	Surrounding village nearby market	Rice/Arecanut	500 mt	Fully	No
05	Namkhola market	Auction platform	Used by traders	Surrounding village nearby market	Paddy	500 mt	Fully	No

**Table 2.** Information on location of existing markets and commodities handled

Block	Market Centre	Periodicity (weekly/daily)	Important Commodities Handled	Commodity quantity (annual) in tonne	Area covered	No. of Farm families Covered
Kharupetia town eleka	Kharupetia	Daily	Jute	5000	8 sq. km	1000
			Arecanut	3000		
			Pulses	3000		
			Oilseeds	2000		
Pachim Mangaladai block	Banglagarh	Weekly	Jute	1500	6 sq. km	700
			Arecanut	800		
			Pulses and oil seeds	1000		
			Paddy	2000		
Pub Mangaladai	Bhakatpara	Weekly	Jute	1000	5 sq. km	600
			Paddy	2000		

block			Pulses ad oil seeds	1000		
Sipajhar Dev. Block	Dumunich woki	Weekly	Arecanut	600	4 sq. km	400
			Jute	500		
			Arecanut	200		
			Pulses and oil seeds	300		
Dalgaon Sialmari Dev. Block	Kopati	Weekly	Paddy	1000	5 sq.km	500
			Jute	3000		
			Arecanut	300		
			Pulses and oil seeds	700		
			Paddy	3000		
			Paddy	200		
Sipajhar	Patharighat	Weekly	Arecanut	300	3 sq. km	250
			Pulses and oilseeds	200		
			Paddy	1500		
			Arecanut	300		
Dalgaon-sialmari	Balugaon	Weekly	Paddy	3000	54 sq km	600
			Pulses and oilseeds	1500		
			Arecanut	500		
			Jute	4000		
			Vegetables	13000		
			Paddy	2000		
Mangaldai municipal board	Mangaldai	Bi-weekly	Pulses and oilseeds	700	3 sq.km	250
			Arecanut	300		
			Jute	500		

Source: SREP, Darrang

### Organizational Set Up of a Regulated Market in Darrang District



### Difficulties Faced by the Farmers in Marketing in Darrang District

The major problems faced by the farmers in marketing of their produces are as under:

- **Interference of Middleman:** The middle man determine the term of trade and prices. Actually farmers are not permitted to sell their produces as a

retailer in markets reason being that market sheds and apartments are allotted on lease money to a particular wholesaler for a specific period who further allocates the space to other wholesalers and retailers against collection fees. Therefore, farmers are bound to sell their products to them at low price as they do not have any other option and reason being farmers are not getting genuine price of their produces.

- **Non-implementation of Auction facility:** In the month of June, 1977, the Govt. of Assam notified to district regulated market committee to implement the auction system for selling of agricultural produce so that the producer can get the minimum support price for their produce. But, to get the higher profit, the traders are not supporting the system and even, they do not compromise with the district regulated market committee.
- **Transportation:** Farmers are facing problems in transportation of their produces from distant / remote area to markets reason being that rural roads are either not in good condition particularly during rainy season or not exist at all therefore; farmers have no option except to invest more toward

incidental cost of transportation, which ultimately decrease net return.

- **Inconvenience of Storage:** Storage facility neither existed with the most of markets nor in nearby of market where farmers can keep their produces for some days /period hence they are bound to sell their produces what so ever price is offered to them by someone generally at a genuine price.
- **Lower category Farmers group:** 89% farmers belong to small, marginal or landless categories hence as an individual farmer is not producing bulk quantity which can be transported to distant market due to high cost of transportation and other recurring expenditure to and fro etc. charges therefore, middleman as well as traders are harvesting their this weakness by offering the low price.
- **Uneven economic condition:** Persistence of mistrust amongst the farming community is a biggest social endurance in a way of joint / collective marketing and thereby they are selling their produces individually at low or non-remunerated prices.
- **Poor financial condition:** Due to poor financial capability and non-accessibility to credit institutions, farmers are taking the advance money from traders normally on the condition that they will sell their products to them and by this way they lost their bargaining power.

## FINDINGS AND SUGGESTION

### FINDINGS

The study reveals the following:

- It was found that agro based industry can be useful means of reducing unemployment.
- Agro based industries are environment friendly .As such they can contribute to sustainable use of natural resources.
- The online system of delivery of food will contribute to the growth of agro based industries.
- A proper regulated market for agro based products can boast in the growth of the agro based industries.
- Government support and subsidies are essential for the growth of this industry.

### SUGGESTIONS

- Encourage small and marginal farmers to grow quality product through contact farming with the private sectors.
- Villages/commodity wise formation of farmers group and established commodity collection

centres.

- Providing facility for transportation of commodities to and from the producing site to the main market.
- Modernization of market with facilities like banking, IT network, terminal etc.
- Imparting knowledge on cleaning, pre- cooling, grading and packaging of marketed commodities to get better price of their commodities.

## CONCLUSION

Agro based industries has ample scope for expansion in Assam. Assam has abundant raw materials and manpower that will be helpful for the industrial development. Its unique geographical and climatic condition has endowed this land with a wide range of raw materials for the industry. The climate of Assam is very suitable for the processing of edible items. But the growth of these units are not evenly distributed in the entire state. A proper regulated market for agro based products can boast in the growth of the agro based industries. The opportunities are vast in the region but we still need a holistic approach for overall development of the agro based industries. Assam has abundant raw materials and manpower that will helpful for the industrial development.

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